

Proposed Class Targets Wells Fargo For Race Bias In Lending

By **Emma Whitford**

Law360 (February 18, 2022, 5:30 PM EST) -- A Georgia man hit Wells Fargo with a proposed class action Thursday, accusing the bank of discriminating against home mortgage applicants on the basis of race by offering Black applicants worse terms than their white counterparts.

Despite having a strong credit score, Christopher Williams claimed that he was offered an interest rate three points above the bank's prime rate. By way of explanation, Wells Fargo referenced a "unique scoring model" that is at base discriminatory against Black borrowers, according to the federal complaint filed in the Northern District of California.

"Indeed, the 'other' factors used by Wells Fargo to determine interest rates for home loans serve to intentionally exclude Black or African American borrowers from affordable and lower-risk loans, force African American borrowers to pay higher interest rates ... and have a disparate impact based on race," the complaint stated.

Williams claimed that he identified himself as Black to the bank during the mortgage application process and that he ultimately received a prime interest rate loan elsewhere.

Wells Fargo's discriminatory practices are both systemic and willful, according to the suit, which aims to represent a class of African Americans who experienced racial discrimination while seeking a mortgage from the bank.

Williams accused the San Francisco-headquartered bank of violating the Equal Credit Opportunity Act, which prohibits race-based discrimination in lending, as well as 42 U.S.C. Section 1981, which protects contract rights regardless of race.

The bank also allegedly violated 42 U.S.C. Section 1982, which enshrines property rights regardless of race, and the federal Fair Housing Act. The complaint seeks both compensatory and punitive damages.

A representative for Wells Fargo declined to comment Friday.

Counsel for the proposed class did not immediately reply to a request seeking comment.

Wells Fargo has faced numerous lawsuits alleging racial bias in lending over the years.

Last month, the city of Sacramento **dropped** a 2018 federal lawsuit against Wells Fargo after the Ninth Circuit **sided with** the bank in a suit brought by the city of Oakland.

Overriding a lower court's ruling in the Oakland suit, the circuit court found that the city's alleged injuries were too far removed from Wells Fargo's alleged Fair Housing Act violations.

Thursday's complaint also referenced multiple settlements Wells Fargo has paid in race bias suits, **including \$7.5 million** to the city of Memphis and Shelby County in 2012 and \$10 million **to the city of Philadelphia** in 2019.

In 2013, the bank **agreed to pay** more than \$42 million to settle allegations that it failed to adequately maintain and market foreclosed properties in minority areas, in violation of the Fair

Housing Act.

Williams is represented by Linda D. Friedman, Daniel Lewin and Jared A. Calvert of Stowell & Friedman Ltd. and Sam Sani of Sani Law APC.

Counsel information for Wells Fargo was not immediately available.

The case is Williams v. Wells Fargo Bank NA et al., case number 3:22-cv-00990, in the U.S. District Court for the Northern District of California.

--Additional reporting by Katryna Perera, Craig Clough, Matthew Santoni and Steward Bishop. Editing by Jay Jackson Jr.